

CHAPTER 4309
DEPARTMENT OF TRADE AND ECONOMIC
DEVELOPMENT
COMMUNITY DEVELOPMENT DIVISION
PILOT COMMUNITY DEVELOPMENT PROJECTS

4309.0100 DEFINITIONS.
 4309.0200 PURPOSE.
 4309.0300 AVAILABILITY OF PROGRAM FUNDS.

4309.0400 ORGANIZATIONAL CRITERIA FOR COMMUNITY DEVELOPMENT CORPORATIONS.
 4309.0500 PROJECT GRANTS.
 4309.0600 NO DISCRIMINATION.

4309.0100 DEFINITIONS.

Subpart 1. **Scope.** As used in parts 4309.0100 to 4309.0600, the following words and terms shall have the meanings given.

Subp. 2. **Commissioner.** "Commissioner" means the commissioner of the Minnesota Department of Trade and Economic Development, or his designated representative.

Subp. 3. **Department.** "Department" means the Minnesota Department of Trade and Economic Development.

Subp. 4. **Economic development region.** "Economic development region" means any of the geographical areas defined as such by Executive Order number 60 of Governor Wendell Anderson, dated June 12, 1970.

Subp. 5. **Federal poverty level.** "Federal poverty level" means the income level established by the United States Office of Economic Opportunity, in Community Services Administration Instruction 6004-1.

Subp. 6. **Low income.** "Low income" means having an annual income below the federal poverty level.

Subp. 7. **Program.** "Program" means the program of funding of pilot community development corporation projects pursuant to Laws of Minnesota 1975, chapter 331, section 3.

Statutory Authority: *MS s 15.039 subd 3; 116J.980; 116J.982 subd 2*

History: *9 SR 111; L 1987 c 312 art 1, c 386 art 4 s 1*

4309.0200 PURPOSE.

The purpose of parts 4309.0100 to 4309.0600 is to augment Laws of Minnesota 1975, chapter 331, section 3, by establishing criteria for the establishment of pilot community development corporation projects.

Statutory Authority: *MS s 116J.980; 116J.982 subd 2*

History: *L 1987 c 386 art 4 s 1*

4309.0300 AVAILABILITY OF PROGRAM FUNDS.

Program funds shall be available only to eligible community development corporations designated as such by the department.

Statutory Authority: *MS s 15.039 subd 3; 116J.980; 116J.982 subd 2*

History: *9 SR 111; L 1987 c 386 art 4 s 1*

4309.0400 ORGANIZATIONAL CRITERIA FOR COMMUNITY DEVELOPMENT CORPORATIONS.

Subpart 1. **Eligibility.** No corporation shall be designated an eligible community development corporation unless it conforms to the following requirements.

MINNESOTA RULES 1991

3309

PILOT COMMUNITY DEVELOPMENT PROJECTS 4309.0500

Subp. 2. Form of organization. A community development corporation must be incorporated under the Minnesota Nonprofit Corporations Act, Minnesota Statutes, chapter 317A.

Subp. 3. Designated community. A community development corporation must identify in its articles of incorporation or its bylaws a defined geographic area within which it will operate, called its designated community.

A. At least ten percent of the population of the designated community must have incomes below the existing federal poverty level at the time of incorporation.

B. No more than one community development corporation shall be designated within any one outstate economic development region, with the exception of economic development regions in which a community development corporation was in existence at the time of promulgation of these rules.

C. Within the metropolitan area, the designated community shall be an identifiable neighborhood or combination of neighborhoods where designated by the Metropolitan Council. Elsewhere in region eleven, the designated community shall be townships, cities, unincorporated areas or combinations thereof.

Subp. 4. Membership. Voting membership in a community development corporation shall be limited to residents of the corporation's designated community.

Subp. 5. Board of directors. The articles of incorporation or bylaws of a community development corporation shall conform to the following requirements concerning its board of directors:

A. **Size:** the board shall be composed of not less than 15 and not more than 30 directors, unless the corporation can demonstrate to the satisfaction of the assistant commissioner that the disadvantages of a smaller or larger board will be overcome.

B. Not less than 60 percent of the directors of a community development corporation shall be low income members of the corporation.

C. The remaining directors shall be members of the business, financial, and general communities who, to the maximum extent possible, shall be residents of the designated community.

D. **Election of directors:** The low income directors shall be elected by the members of the community development corporation. The remaining directors shall be elected either by the members of the corporation or by the low income directors.

Subp. 6. Employees. Nonmanagerial and nonprofessional employees of a community development corporation shall be hired from among the low income residents of the designated community.

Statutory Authority: *MS s 116J.980; 116J.982 subd 2*

History: *L 1987 c 386 art 4 s 1; L 1989 c 304 s 137*

4309.0500 PROJECT GRANTS.

Subpart 1. Program funds. Program funds shall be made available to eligible community development corporations in the form of project grants, on approval by the department of an application therefor. All applications shall be in a form prescribed by the commissioner. Project grants shall be made only with respect to projects that will be carried on within the designated community of the applicant community development corporation, except where the applicant demonstrates that a project carried on outside the designated community will have a significant impact within the designated community.

Subp. 2. Types of grants. Grants shall be available for planning and capital venture projects.

Subp. 3. Planning grants. Planning grants shall be available for:

A. the organizational development of a community development corporation;

B. comprehensive economic development planning for the designated community; and

C. the development of operational funding proposals.

Subp. 4. **Capital venture grants.** Capital venture grants shall be available for two categories of projects:

A. **Business ventures:** projects in this category involve the community development corporation's establishment of, assistance to existing, or purchase of a partial or full ownership interest in a business venture to be carried on for profit within the designated community.

B. **Infrastructure development:** projects in this category involve the community development corporation's development of resources or facilities within its designated community that are necessary preconditions to the development of business ventures. Such projects shall be approved only where it can be shown that they will, in fact, lead to immediate business development and employment opportunities.

Subp. 5. **Priorities for approval of project applications.** Project applications that present the greatest potential for achievement of the following goals shall receive priority in the distribution of program funds:

A. creation of employment opportunities;

B. maximization of profits;

C. short term economic impact on the designated community; and

D. use of nonstate funds to complement program funds.

Subp. 6. **Restrictions on use of program funds.** No part of a project funded by program funds shall be conducted by a religious or church related institution. Projects must be entirely secular in content and purpose.

No program funds shall be expended for the cost of meals for employees or officers of community development corporations or authorized business ventures.

No program funds shall be expended for the cost of securing or developing social services.

Statutory Authority: *MS s 15.039 subd 3; 116J.980; 116J.982 subd 2*

History: *9 SR 111; L 1987 c 386 art 4 s 1*

4309.0600 NO DISCRIMINATION.

No person shall, on the grounds of race, color, religion, sex, age, or national origin, be excluded from participation in, be denied the proceeds of, or be the subject of discrimination in a project approved and funded under the program. In all hiring or employment made possible by or resulting from a grant action, each employer will not discriminate against any employee or applicant for employment because of race, color, religion, sex, age, or national origin, and will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex, age, or national origin.

Statutory Authority: *MS s 116J.980; 116J.982 subd 2*

History: *L 1987 c 386 art 4 s 1*